

The American Observer

A free, virtuous, and enlightened people must know well the great principles and causes on which their happiness depends.—James Monroe

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Work of Conference Comes to a Climax

Charter Sets Up Machinery for Keeping Peace If Nations Choose to Employ It

CRITICS NOTE POLITICAL DEFECTS

Economic and Social Council Faces Important Task of Preventing Disastrous Trade Rivalry

Last week in San Francisco the representatives of half a hundred nations began packing their bags for the long journey home. Two months of protracted and sometimes heated negotiations had reached the climax; a so-called world security charter had been born.

It is almost a foregone conclusion that the governments at home will accept the work of their delegates, although much time may elapse before all the formalities are finished. In the meantime, the attention of the world is focused sharply on two questions which have been implicit ever since the meeting at Dumbarton Oaks: What, precisely, is the new world security organization supposed to do? and, will it succeed?

To begin with, the world organization—in and of itself—cannot keep the peace. It simply does not have the power; it is not a superstate or super-government and never was intended to be. The concept of national sovereignty remains undisturbed, and no world power has sacrificed at San Francisco any important degree of its power in political or military matters.

Provides Machinery

What, then, can the new security organization do? Woodrow Wilson used to say that "friendship needs machinery." The value of the new instrument drawn up at San Francisco is that it furnishes the machinery with which nations can act to keep the peace if they choose to. If the will is there, the peace will be kept. If the will is not there, no organization lacking its own police force could do much anyway.

It is thus clear that if *The United Nations* organization succeeds, it will be because the nations making it up want it to succeed and are willing to act within the framework it provides. The same thing was true of the League of Nations: its failure was in large measure due to the unwillingness of certain powerful states to act against aggressors with the weapons its covenant authorized.

It is generally agreed that the security charter embodies many serious defects in its 5,000 words, and there has been a great deal of criticism leveled at it. But for all that, it does represent an agreement among the world powers, and this is the essential first step if the world of tomorrow is to enjoy order and peace. Moreover, it is in many respects a genuine improvement.

(Continued on page 6)



The American people must mobilize against inflation

The Enemy Is at the Gates!

By Walter E. Myer

What enemy, the reader may ask. Not the Germans. They were driven to unconditional surrender, their country is occupied by the Allied armies, and they are governed by the decrees of the victor nations. Not the Japanese, for though they are still formidable they are slowly but surely being pushed toward inevitable defeat. What enemies, then, knock menacingly at our doors? What foes are so strong and aggressive as to threaten us with disaster?

Here are some of them: Manufacturers and merchants who cry out against the OPA and call for a lifting of the price ceilings so that they may charge more for their products. Farmers who demand higher prices for their crops, and who, this very month, have won a vote in Congress for their program. Workers who are trying to break down wage controls. Consumers who insist upon an early end of rationing so that, if they have the money and get there first, they can buy as much as they wish. Citizens of whatever vocation, who refuse to buy war bonds, spend their money to buy scarce supplies, or who hoard it so that they can, at the earliest opportunity unload it in a scramble for goods.

Together these groups constitute a formidable force. Already they are exerting heavy pressure against the dykes which are holding back an inflationary flood; against the controls which thus far have held prices to an approximation of prewar levels.

As one group after another whittles away at the controls, a little here, a little there, prices will rise, and this will make other adjustments seem reasonable and necessary. The inevitable result, if these pressure groups have their way, will be a skyrocketing of prices all along the line.

This upward surge of prices, if it comes, we will call inflation. But whatever we call it, it will be confiscation. The value of money will decline. More who have put savings aside will see them vanish or deteriorate. Those who have fixed salaries will experience a drastic cut in real income. Producers who cannot quickly revise their prices will be ruined. All values will become speculative and uncertain. Security will give place to economic chaos.

Nobody wants to see conditions such as these. But many people, lured by the prospect of immediate advantage, or weary of the controls imposed by war, want measures which will produce these conditions. These people threaten to inflict upon us economic dislocations and losses more grievous than those which have been wrought by war. They are enemies of stability and of national well being, and they are at our gates! Only by courage, resolution and vigilance can they be repelled.

Negotiations Begin On Polish Problems

Representatives of Various Polish Groups Meet in Moscow to Discuss Future Government

HOPE FOR EARLY SETTLEMENT SEEN

But Many Obstacles Must Be Overcome, Including Issues Raised by Trial of 16 Polish Leaders

Last week, another attempt was being made to solve the problem which—more than any other—has clouded relations between the Soviet Union and the United States and Britain. That is the Polish issue. In Moscow negotiations were under way to find a solution to this problem—a solution which would be satisfactory to the American and British governments, to the Soviets, and to the Poles themselves. Thus a new chapter is being written in this long and bitter dispute which has so often threatened the unity of the Big Three.

The purpose of the Moscow conference is to find a way to reorganize the government of Poland along the lines agreed upon at Yalta in February. To accomplish this purpose, the Soviet government invited three Poles from London—men who had formerly participated in the Polish government-in-exile. Included also were five political leaders from inside Poland. In the Soviet capital these eight representatives were to confer with four representatives of the Russian-sponsored Warsaw government. This was formerly known as the Lublin government which was set up by the Soviets soon after their armies invaded eastern Poland.

Important Negotiations

The importance of these negotiations cannot be overestimated. For months, the Russians and the western Allies have been sharply divided over the question of a future government for Poland. Russia has given wholehearted support and diplomatic recognition to the Warsaw regime. The United States and England continue to recognize as the legitimate government of Poland the government-in-exile which has been operating in London.

The principal cloud hanging over the present Moscow negotiations is the absence of a representative of the London government-in-exile. Anxiety because of the absence of such a representative is lightened somewhat by the fact that two former members of that government have been invited. They are Stanislaw Mikolajczyk, who at one time was premier of the London government-in-exile, and Jan Stanczyk, former minister of labor in the Mikolajczyk cabinet.

The representatives from inside Poland include members of various political groups. The most prominent of these is Wincenty Witos, leader of the Peasant Party and twice premier of Poland in the days before the dic-



Life in most parts of present-day Poland is still primitive. Whatever government comes to power will face the problem of raising living standards.

Negotiations on Polish Issue

tatorship of Marshal Pilsudski. To what extent these Poles from London and inside Poland represent a cross-section of Polish political opinion is not clear from the known facts. It is known that they represent various factions and are in a position to provide a more democratic basis for a future provisional government of Poland than exists in the present Warsaw government or in the London group.

It was largely through the efforts of Harry L. Hopkins (see page 4) that the Polish issue took its recent favorable turn. Sent by President Truman to Moscow to make arrangements with Stalin about the forthcoming meeting of the Big Three, Mr. Hopkins was instrumental in reopening this question and persuading Stalin to take steps looking toward a settlement.

Whether such a settlement will eventually be reached during the Moscow conversations cannot be determined until the negotiations are completed. All impartial students of the problem admit that it is one of the most controversial and highly complex the world has had to face in recent years. Feelings on all sides—especially among the Poles themselves—are so intense that no possible solution can be reached which will please all groups. The issues cut deep into history and it will take years before all the wounds can be healed. But it is important that at last the governments of Russia, Great Britain, and the United States have been able to agree with the Warsaw group upon a list of Poles—from inside Poland and from London—who are acceptable to carry on the negotiations.

Despite the favorable turn which has taken place, this latest effort at settlement may fail, as have the previous attempts which have been made. After the Yalta conference, it was assumed that a formula had been worked out which would provide for a satisfactory solution to the problem. Failure to carry out the Yalta formula—or dif-

ferences of interpretation as to its exact meaning—have been responsible for the recent differences among the Big Three.

It will be recalled that when President Roosevelt, Prime Minister Churchill, and Marshal Stalin met at Yalta, there were two decisions which had to be reached with respect to Poland. The first dealt with the territorial issue. Russia had clearly stated her position on this point. She insisted upon a large slice of territory which had been a part of Poland since the conclusion of the Russo-Polish war of 1919-1920. Russia claimed that this territory rightly belonged to her and had been seized from her by Poland at a time when she was unable to defend it because of the internal revolution through which she was passing.

The justice or injustice of Russia's claims will long be hotly debated. Like so many other controversial territorial disputes in Europe, resulting from the shifting of national boundaries which has been going on from time immemorial, there are historical and geographical factors which bolster the claims of each disputant.

It is not our purpose here to examine these claims and counter-claims. We wish merely to call attention to the dispute as it relates to the present problem of Poland. At Yalta, the territorial dispute was settled by an agreement on the part of the Big Three to adjust Poland's eastern boundary on the basis of the Curzon Line.

The Curzon Line was drawn in 1919 by the Allied Supreme Council as a basis of discussion and negotiation between Russia and Poland. It was so named because Lord Curzon, British foreign secretary at the time, played an important role in determining the line. While the Curzon Line was accepted by neither the Poles nor the Russians, it is significant that it was regarded by the Allies at that time as a fair basis for negotiation. By defeating the Russians in war, the Poles

were able, in 1921, to impose a boundary line far to the east of the Curzon Line.

At Yalta, the Big Three agreed that Poland's postwar boundary in the east should be based upon the Curzon Line, with certain modifications in favor of Poland. In return for the loss of considerable territory in the east, the Poles were to be granted "substantial accessions of territory in the north and west." Presumably this meant that they were to receive slices of German East Prussia and German Silesia. While Poland's postwar boundaries are supposedly to be determined at the peace conference—like other boundary questions in Europe—there are indications that Poland's western frontier may extend as far as the Oder River.

While the Yalta solution failed to please everyone (it was stoutly rejected by the London Poles, for example), it was generally regarded as a fair compromise of a problem for which there was no easy or ideal solution. For the most part, the compromise has been accepted by a majority of Polish groups, with the exception of the Polish government-in-exile in London.

On the second issue confronting the Big Three at Yalta: that of establishing a future government for Poland, a similar compromise was worked out in theory. It was agreed that the Russian-sponsored government of Poland, which was then located at Lublin but which later moved to Warsaw, should be reorganized so as to become more truly representative of the Polish people as a whole. Leaders from inside Poland as well as from abroad were to be taken into the government to form a new Provisional Government of National Unity.

The Yalta agreement provided further that this Provisional Government should pledge itself to hold elections for a permanent government, the elections to be based upon "universal suffrage and secret ballot." The Poles

from inside Poland and from abroad who were to be taken into the Provisional Government were to be decided upon by a special commission composed of the American and British ambassadors to Russia and the Soviet Foreign Commissar.

From Yalta to the opening of the San Francisco conference, the effort to carry out the provisions of this formula met with one hitch after another. First, no agreement could be reached as to which Poles from abroad and inside Poland should be invited to join the Polish government. To add to the difficulties, a group of 16 Poles who were to have participated in the negotiations suddenly disappeared from the scene when they landed in Russia.

The San Francisco conference opened with the "mystery of the 16 Poles" still unsolved. Secretary of State Stettinius and Foreign Secretary Eden pressed Foreign Commissar Molotov for information about the missing Poles. Finally, Molotov revealed that the missing Poles had been arrested for "terroristic acts of diversion" behind the Russian army lines. Molotov's explanation failed to satisfy the United States and Britain, and negotiations on Poland broke down.

As the Polish leaders from London and from inside Poland reached Moscow for the conversations over a new provisional government for Poland, the 16 Poles once more entered the scene. It was announced that they would be brought to trial for their alleged activities against the Soviet Union. In some quarters it was freely expressed that the trial might prove an obstacle to the negotiations inasmuch as there would be widespread feeling that the 16 Poles had been unjustifiably arrested. The Soviet government, on the other hand, has declared emphatically that the trial had nothing to do with the negotiations over a provisional Polish government.

Here the matter stands as we go to press. While the prospects for a satisfactory solution of the Polish question are more favorable than they have been for months, there is no assurance that all the difficulties will be ironed out. The negotiations will certainly break down unless there is a disposition on the part of all parties concerned sincerely to attempt to work out a satisfactory solution. There can be no solution if the Big Three support one Polish faction against the others or if the Poles themselves refuse to make concessions to each other in the interest of their welfare as a nation.



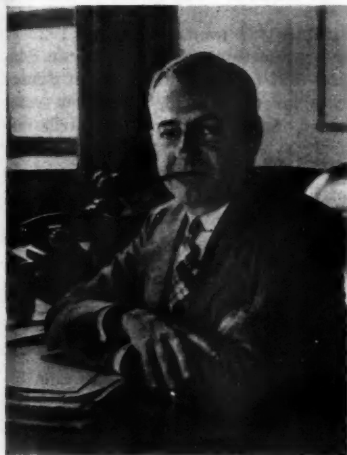
Stanislaw Mikolajczyk

International Cartels Are Scrutinized

INTEREST in international cartels has increased in the United States in recent months. Stimulated by the wartime revelations of the activities of cartelized industries and by present-day planning for a postwar era of freer trade among nations, the American people are debating the role which these industrial agreements will play in reconstructed international trade.

The word "cartels" is used in this country to mean almost exclusively international cartels. In economic nomenclature, however, cartels first meant an agreement or arrangement between two or more independent, private businesses within a single nation. It had been used in this sense throughout Europe, and is still used abroad to describe a host of business arrangements which we in this country know by such names as trusts, holding companies, trade associations, pools, combinations, and monopolies.

International cartels are not a twentieth-century product. They have roots which reach back into history



Wendell Berge

as far as the 1800's. The modern phase of cartel agreements is said to have started about 1875. The period between 1875 and 1914 saw the development of some 114 cartels which included such products as textiles, metals, chemicals, transportation, electrical goods, precious stones, and paper. Between the two World Wars cartels continued to grow. They came in this period to include a far greater number of items, reaching a probable figure of better than 1,000.

Definitions Vary

Definitions of international cartels vary. Some are legal and some are economic. Certain people prefer to call cartels trusts or holding companies on an international level. Others object to this on the grounds that in many cases it is not valid economic terminology. Admittedly it is hard to encompass in a sentence or two all the ramifications of cartel agreements. However, a Senate subcommittee has brought forth a definition which is fairly acceptable, namely, that "international cartels are economic arrangements among private interests of several countries for the purpose of regulating industry and trade."

Three types of agreements and organizations can be clearly distinguished in the myriad of business dealings which have been labeled cartels. One is an arrangement of a number of independent firms found in several nations. These separate companies,

working together, decide such matters as prices they will charge for a given article, the amount each shall produce and sell, and the area of the globe to which each will confine itself in manufacturing and selling. Such an agreement is often called "an association."

Another type of business activity included in definitions of cartels is called "a combine." Through this kind of organization, a single business has a firm control over its partner and subsidiary concerns throughout the world. Because of its control—accomplished chiefly by owning stock in various concerns—this one firm can dictate the nature and amount of goods produced by manufacturers thousands of miles away in another nation.

Patent Licensing

Still another phase of cartels is the patent licensing agreement. Through this device, the participants exchange or license to each other patents they have secured. In many cases, patent licensing has discouraged additional research and prevented the output of improved products.

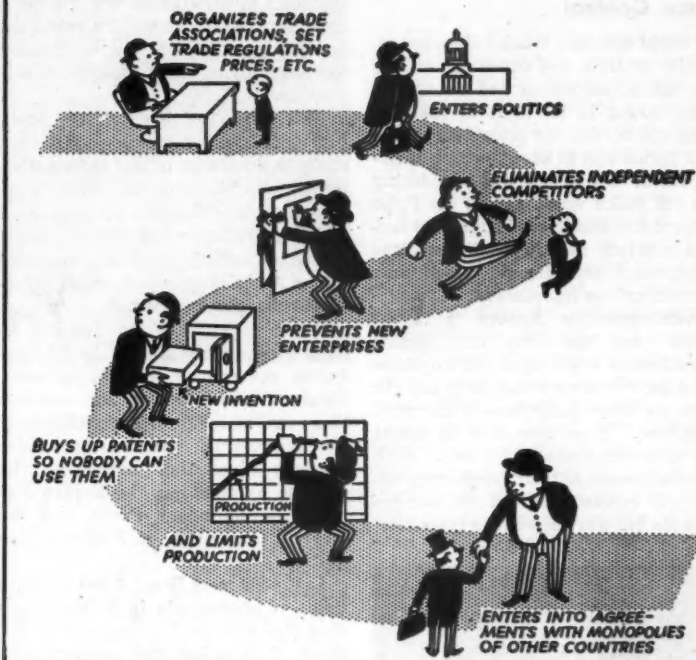
Perhaps the best way to understand the operation of cartels is to examine their activities and practices as shown in the scores of case histories which have been compiled by the Department of Justice. One case which is fairly well known in this country is the agreement made by the Standard Oil Company of New Jersey with I. G. Farbenindustrie, the powerful German chemical trust. Some years ago, I. G. Farben discovered processes for making synthetic rubber and oil. Standard Oil saw immediately that this was a threat to its position in the gasoline and oil field. In 1926, representatives of the German and American firms met to work out an arrangement which would preserve the position of both companies in their respective fields. As a result, Standard Oil was given exclusive world rights to use I. G. Farben's synthetic oil process in exchange for a promise to permit I. G. Farben to continue, without competition from Standard Oil, as the leading chemical firm of the world. The agreement also allowed Farben to go ahead to produce synthetic oil for German consumption, but restricted considerably Standard Oil's participation in chemical production.

The results of this secret agreement did not descend upon us until after the outbreak of World War II. When, after Pearl Harbor, our need for synthetic rubber was so acute, Standard Oil was not able to furnish help to



Sen. Harley Kilgore

EVOLUTION OF A CARTEL



GRAPHIC ASSOCIATES FOR PUBLIC AFFAIRS COMMITTEE, INC.

America at war. In keeping Standard Oil a junior partner in the chemical industry, I. G. Farben had refused to share with the American firm its process of rubber manufacture. The United States was caught short by the restrictions placed on an American industry through cartels. It is no wonder that Wendell Berge of the Justice Department likens cartels to international treaties made, not on the governmental level, but by private, very often secret agreements which, because of their secrecy, are a serious threat to our official policy.

Optical Cartel

Another cartel which ran contrary to our foreign policy concerned optical instruments. Before the First World War, the Bausch and Lomb Optical Company of New York made an agreement with Zeiss, a German manufacturer of glass. To discourage Zeiss from opening a firm in the United States, Bausch and Lomb agreed to buy from Zeiss all glass which the New York firm used in making military equipment. With the coming of the World War, Zeiss served notice on the American firm that no more glass would be shipped unless the American firm desisted from selling to enemies of Germany. Upon our entry into the war, the nation was seriously handicapped by a lack of high quality military optical instruments. Fortunately, this was overcome later.

The Bausch-Lomb relation with Zeiss did not end with the World War. After the Treaty of Versailles, the two firms entered into another agreement which was a flagrant disregard of Allied plans to disarm Germany. It provided that Zeiss turn over to Bausch and Lomb all secret formulas for manufacturing processes in exchange for an annual royalty. The two firms also agreed to exchange patents in the future and to define zones of operation for each within the world market. Zeiss transferred production to a little town just across the German-Dutch border, and with American capital continued to produce optical goods

which could easily be slipped across the border into Germany.

These are but a few of the cartels which have been investigated by the Justice Department. Many of the American firms participating in such arrangements have been prosecuted for monopoly and restraint of trade, and many more are awaiting trial.

The Justice Department investigations have been augmented by a Senate Military Affairs subcommittee headed by Harley M. Kilgore of West Virginia. Alarmed because certain agreements made between American and foreign firms in more than one case retarded the progress of American war mobilization, Senator Kilgore's group has made a number of recommendations with regard to the future of cartels. These include taking over of German patents by the United Nations, fostering of high standards of production throughout the world, and an international exchange of scientific information.

State Department Acts

The State Department is also at work on plans for more wholesome international trade. At an economic conference scheduled for next year, it will present a scheme designed to prevent future German participation in international cartels. Other State Department goals are the elimination of such practices as international price-fixing, division of the world market among private firms, and restriction of production through various cartel agreements.

Observers view these objectives as highly desirable, and think that some sort of compromise with respect to cartels will emerge from the conference. Many European nations regard cartels as legal so long as they are supervised by the government and do not undermine government policy. If the nations are stalemated by a difference of opinion on what to do with cartels, a compromise may develop, taking the shape of a plan to permit their continued operation, but with complete governmental supervision.

The Story of the Week

Price Control

"Fight Inflation Week," observed recently by civic and consumer groups throughout the nation, had a very tangible target in its fight to preserve price control for the remainder of the war period and to keep the cost of living down. The Senate was considering the bill which would extend the Price Control Act, and it was known that several senators had in readiness some inflationary amendments which they wanted written into the law.

Administration leaders were on guard when the Taft and Thomas amendments were called up, for these were the revisions which they thought were the most dangerous to the price structure. They were able to defeat one and compromise the other. With these successes to their credit, they apparently relaxed their efforts, for before the bill was passed by a voice vote,



Sen. Kenneth S. Wherry

the upper house adopted an amendment concerning farm prices.

Introduced by Senator Wherry, Republican of Nebraska, this "surprise move," as it was called, would permit a revision of farm prices on the basis of a cost-of-production formula. The formula would take into account all expenses incurred by the farmer, including an allowance for the labor of his family as well as other helpers, a return on capital invested, plus a reasonable profit. Immediately the Wherry cost-plus plan was attacked by certain farm groups, private citizens, and President Truman. All urged that the House, which is now considering the bill, erase the provision, because, they contended, the Wherry amendment will cripple the price control structure and send the cost of food soaring.

Foreign Propaganda

Propaganda has come to have such a bad name that few people realize how much good-will propaganda goes on between friendly nations. A recent report from the Attorney General's office reveals that foreign governments last year spent more than \$5,000,000 on propaganda in the United States, and that during that period 161 organizations and 160 individuals were registered as foreign agents and carrying on active work.

Judged by the amount of money spent, Great Britain is making the greatest effort to secure our friendship. Last year she spent \$2,143,000 on this program, maintaining the well-known British Information Services with offices in New York, Washington, Chicago, and San Francisco. From these offices flow a vast stream of publications, press releases, photographs, and films, all designed to give information about Britain or present the Brit-

ish point of view about world affairs. The film "Desert Victory" was put out by this organization and was shown commercially in 9,500 theaters in this country.

Russia, too, is doing a sizable job of propaganda, although she does not actually maintain an official information agency in this country. The Soviet Embassy in Washington issues a widely distributed bulletin, and material of all sorts is constantly funneled to the American press from an information bureau in Moscow.

Other nations making heavy publicity expenditures include the London-Polish government, the Netherlands, Belgium, and France. In addition there are many foreign political parties represented, such as the fascist Mexican Sinarquista movement, the Chinese Kuomintang, the Korean National Revolutionary Party, and the Hebrew Committee of National Liberation.

Last year more than 12,000 separate items of propaganda in 26 languages were filed with the Justice Department. Many of them had such literary, dramatic, or entertainment value that it was commercially profitable to sell them in the American market.

Big Three Meeting

With advance preparations made by presidential envoys Harry Hopkins and Joseph Davies, the Big Three meeting is now scheduled in detail. On an undisclosed date in July in a locale in the vicinity of Berlin, President Truman will take part for the first time in a conference of the heads of the Big Three states of the United Nations.

A number of problems which need the attention of Churchill, Stalin, and Truman have arisen and therefore this conference will be an important one. On the agenda for the Berlin meeting are decisions concerning the time and place for the trials of top German war criminals, the Polish dispute, and probably a discussion of the time and place of the peace conference.

New World Court

The creation at San Francisco of a new World Court of which the United States will be a member marks the end of a campaign which began almost half



SUCCESSFUL MISSIONS. Having completed their missions to London and Moscow to arrange for the coming meeting of the Big Three, Joseph E. Davies and Harry L. Hopkins report to President Truman. Left to right: Mr. Davies, Admiral Leaky, the President's personal chief of staff, and Mr. Hopkins. The President is seated.

a century ago. It is an ironic fact that the United States has given official approval to the idea of international arbitration ever since the Jay Treaty of 1794, and that this country was one of the original sponsors of the old World Court—yet we have never before consented to join an international tribunal.

During the nineteenth century the United States was a party to at least 60 arbitration cases with other nations. It is not surprising, therefore, that President McKinley and his Secretary of State, John Hay, should have instructed the American delegates at the First Hague Conference in 1899 to help establish an international court of justice.

No concrete results came of this meeting, however, and another famed Secretary of State, Elihu Root, championed the cause at the Second Hague Conference of 1907 and during the years which followed. The League of Nations Covenant finally provided for establishment of a court; the League Assembly approved a plan in December 1920, and the Permanent Court of International Justice came into being in 1922.

Every president and secretary of state since that time has urged American adherence to this court, and the

statute was even revised in 1929 to meet objections of the American Senate—but to no avail. The last Senate vote taken, in 1935, was seven votes short of the necessary two-thirds majority. That is why the creation of a new court is being hailed as one of the major achievements of San Francisco, for the Senate will undoubtedly accept this court as part of the new security organization.

In most respects the statute of the new court parallels that of the former World Court. However, it was felt advisable to create a new body, which would not be a creature of the now discredited League of Nations, and which could exclude certain nations, such as Franco Spain, until they fulfilled the requirements of membership in *The United Nations*.

The new court will have 15 judges—one each from 15 different countries—elected by the Assembly and the Council for terms of nine years. They will be paid by the United Nations, and will devote full time to the court, which will be in continuous session except for certain vacation periods.

The court will have compulsory jurisdiction over a case only if the member nations involved have previously agreed to accept compulsory jurisdiction over that type of case. This provision was also included in the statute of the old court, and is regarded by some observers as a weakness. However, if member states do accept the jurisdiction of the court, it will be a very busy organization. Since 1922 there have been an estimated 50,000 international cases decided by various tribunals and arbitration commissions.

Korea's Future

Although whether or not Russia will enter the war in the Far East is still an open question, the State Department has committed itself on one thing—her cooperation in this theater has not been bought at the price of Korean independence. According to Acting Secretary Joseph C. Grew, the Cairo Declaration, in which the United States expressed sympathy with Korea's desires for independence still stands.

Grew explained the reason why Korea was not admitted to San Francisco. All the nations represented there have legally constituted govern-



MIGHTY ARMADA. Rows of B-29's are serviced by ground crewmen at a base on the Marianas and made ready for future raids upon Tokyo and other Japanese targets.

ing authorities. While Korea maintains a provisional government in Chungking, this government does not meet the required standards of a full national authority. Korea's absence from the United Nations Conference rests upon this and not, as rumors have suggested, on a secret Yalta agreement giving the country to Russia.

Surplus Property Board

With the resignation of former Senator Guy M. Gillette from the Surplus Property Board, President Truman was able to place a man of his own choice into the position which may become a most important one during the reconversion period. W. Stuart Symington, former St. Louis manufacturer, was chosen by the President to become chairman of the SPB, created late last year.

In his new position, Symington will head the three-man board which will direct the care, handling, and disposition of war surpluses. Already sizeable amounts of varied surplus commodities have piled up, and the policies which will govern the disposal of these goods are being watched carefully. The manner in which finished products, manufacturing tools and facilities, and real estate are sold will have a direct effect upon the national goal for plentiful postwar employment and a high standard of living.

Just as the chairmanship of SPB changed, the House took a step designed to give Congress same authority in the disposal of surplus goods. It passed by a substantial vote a bill which specifies that 60-day notice must



NEW BATTLE. Winston Churchill is now in the midst of the political campaign which will determine whether he is to remain head of the British cabinet. The first general election in 10 years will be held July 5.

be rebuilt so that Indians would hold all the 15 positions except that of War Minister. This reconstituted Council would represent all the chief Indian communities, with an equal voice for Moslems and caste Hindus. The Viceroy would retain his right of veto over Council decisions, but it is pointed out in Britain that the Viceroy has not exercised this right in a full decade. Agreement between the Moslems and the Hindus over this arrangement is expected to smooth the way to later agreement over a form of full Indian self-government within the British Commonwealth. So far the minority Moslems have objected to any plan which might make them subject to the majority Hindus.

A number of Congress Party leaders, recently freed from prison, are meeting at Simla with leaders of other Indian groups to consider the British plan and, if it is accepted, to nominate candidates for the new Council posts opened to Indians.

New Communism

Since the Russian Revolution, the American Communist Party has been more than a group of people working to seek the governmental and economic system of this country changed. It has been a political weathervane, indicating by its turns of policy the "line" its supporters have considered most favorable to Russian interests.

Thus, when the Ribbentrop-Molotov pact of 1939 decreed Russo-German friendship, the American Communists abruptly ceased their agitation against Naziism and began to urge peaceful policies on the part of the United States. Then, when Russia was attacked, they reversed themselves and clamored for war against Hitler. After we became involved in the war, the Communists were for everything which would contribute to victory, including many measures (full cooperation between labor and capital, for example) which ran directly counter to their original doctrines.

Because of the close tieup between Russia's position and the position of the American Communists, the newest variation of the party line is interesting. The Communists, who dissolved as a political party last year, are now in the midst of another about-face. Under the proddings of a French Marxist, they seem set to return to

their old role as full-fledged anti-capitalist revolutionaries.

The chief question this raises is whether the Communists have good reason to believe their policy change accords with the will of the Kremlin or whether they are merely interpreting Russian purposes in their own way. Since the Russians officially disowned foreign Communist parties, there has been considerable evidence that they have left them to pursue a solitary path. But whether the Communists are acting on their own or on Russian inspiration, it is clear that they regard the emergency, with its demand for national unity, as at an end.

Two Decisions

Last week, the Supreme Court wound up its season's work with two history-making decisions. One pronounced the Associated Press guilty of violations of the Sherman Antitrust Act. The other invalidated an order for the deportation of labor leader Harry Bridges.

At issue in the former case was the AP's refusal to admit to membership the Chicago *Sun*, a newspaper competing with an already established AP member. The government's claim was

that, by excluding the *Sun* from membership, the AP was placing the paper at a competitive disadvantage and thus engaging in a monopolistic "restraint of trade," in violation of the Sherman Antitrust Act.

The AP defense centered on the Constitution's guarantees of freedom of the press. Calling itself a non-profit, cooperative newsgathering agency, the AP demanded that its members have the right to exclude prospective members as they chose, and warned that government interference in this matter would pave the way for political control of the press.

The Supreme Court held that freedom of the press may be limited by private groups quite as disastrously as by the government. In ordering the AP to disregard possible competitive effects on its members in passing on applicants, it claimed to be strengthening, rather than weakening, our guarantees of press freedom.

The move to deport Harry Bridges rested on the grounds that Bridges had been a member of the Communist Party and, as such, advocated overthrow of the American system of government. In voiding the order to send Bridges back to his native Australia, the Court called evidence of his existing connections with Communists inadequate to justify deporting him.

NEWS QUIZ

1. Why is it important that the world security organization devote considerable attention to economic and social problems?
2. What are some of the organizations and agencies which will come under the jurisdiction of the Economic and Social Council?
3. Enumerate some of the powers which will be conferred upon the Council.
4. What are some of the difficulties which will be encountered in the attempt to revive foreign trade after the war?
5. Compare the work which the Economic and Social Council will undertake with the economic activities of the old League of Nations.
6. Which Polish groups are meeting in Moscow to discuss the establishment of a provisional government?
7. What provision for the settlement of the Polish issue was agreed upon at the Yalta conference?
8. If a new government is set up for Poland, what must be one of the first steps it will take, according to the Yalta formula?
9. How does the arrested 16 Poles figure in the present Moscow negotiations?
10. What is a cartel? Name some of the things an international cartel undertakes to accomplish. Give an example.
11. Name the principal political parties of Canada. Which one received a majority of the votes in the recent election?
12. When and where is the coming meeting of the Big Three scheduled to take place?

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W. Stuart Symington

be given to Congress before certain government-owned properties can be declared surplus.

The SPB has been slow in getting its activities under way. Only recently did it announce the priority system for the sale of non-industrial land. Still unrevealed are its plans for the disposition of industrial land and facilities.

Solution in India?

A break in the political deadlock in India seems likely as a result of Britain's latest offer of increased self-rule for her largest colony. Although the Cripps proposals still stand (they were rejected by both Hindus and Moslems in April 1942), the new proposals are in some respects more generous, and they have been greeted favorably by many sections of Indian public opinion.

Britain now proposes that the Viceroy's Executive Council (Cabinet), which normally governs India, should



On July 11, a stamp commemorating the achievements of the U. S. Marines will be issued. The stamp will depict the raising of the American flag on Mt. Suribachi.

Work of Economic and Social Council

(Concluded from page 1)

ment over its predecessor, the League.

But most important of all, in the minds of many people, is the fact that it does not stop with providing machinery for settling disputes and curbing aggression. In addition it concerns itself with the basic economic and social ills which play so large a role in causing wars, and provides machinery also for "harmonizing the actions of nations" in improving these conditions. This machinery is incorporated in the Economic and Social Council of the new organization, which ranks on a par with the Security Council, the General Assembly, the World Court, and the Secretariat as one of the five central organs of *The United Nations*.

When the Dumbarton Oaks proposals were drawn up, the idea of an economic council was added almost as an afterthought, and the council envisaged in these proposals was a subsidiary organization with virtually no authority. But through the urging of France and a number of smaller nations, principally Canada, Australia, and Uruguay, the San Francisco Conference broadened the scope and functions of the council until it became an unexpectedly powerful body. It is the first organization ever created to attempt to prevent war through international action against the economic and social causes of war.

Field Marshal Smuts, chief delegate from South Africa, gave unstinted praise in reporting the work of the committee which framed the Economic and Social Council. He noted particularly the way in which it improves on the League of Nations—an improvement which he is in a particularly suitable position to see, since he was one of the authors of the League Covenant. He pointed out that the League concerned itself largely with political affairs, emphasizing the negative purpose of settling disputes after they had arisen. It was relatively indifferent to the positive problem of preventing war by improving social and economic conditions.

It is true, of course, that there was

in the League the Economic Section which, under Sir Arthur Salter, did a notable piece of work. Also, there were committees on cultural, social, and financial affairs, but like the Economic Section they were all subsidiary to the Secretariat and they had little power.

The new Economic and Social Council, on the other hand, is a coordinate part of *The United Nations*. It is not limited to reporting to the annual meeting of the Assembly, as the Dumbarton Oaks proposals provided; instead, it has the right to report directly to the Security Council, which will sit in continuous session. Thus the Economic and Social Council may seek prompt action when any economic situation threatens the peace of the world; and while it has no executive or legislative power, it does have a stature and prestige which were entirely lacking in the Economic Section of the old League.

Eighteen Members

As outlined in Chapter IX of the new security charter, the Economic and Social Council shall consist of one representative from each of 18 members of the organization, chosen by the Assembly for terms of three years. Each representative shall have one vote, and decisions shall be taken by a simple majority vote.

The purpose of the Council is to "promote higher standards of living, full employment, and conditions of economic and social progress and development; solutions of international, cultural, and educational cooperation; and universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, language, religion, or sex."

Translated into specific terms, this means that the Council will be concerned with such things as tariffs and other trade barriers, cartels, distribution of the world's raw materials, reconstruction, unemployment, currency stabilization, food production, shipping, communications, traffic in drugs, education, public health and sanitation, wages and conditions of labor.

Under its jurisdiction will come the various League of Nations organizations already operating to improve world economic and social conditions; new organizations being formed, such as the Bretton Woods International Bank and Fund, the Agricultural Organization, the International Civil Aviation Organization; and proposed new organizations, such as the International Trade Office.

The Council has the power to undertake studies and research in these fields, or to call international conferences which can discuss improvements. It will gather regular reports from the international agencies dealing with these matters, and serve as a clearing house for the best available information on economic and social matters. It will make recommendations for changes which seem desirable, and draw up treaties which would implement those recommendations. It will give aid to backward countries in modernizing their economies, building industries, and exploiting their resources.

This new emphasis upon economic peacemaking as a bulwark to political and diplomatic peacemaking is a forward step of the first magnitude. Another encouraging sign is the fact that the governments of both the United States and Great Britain are urging that an international economic conference be called even before the new world charter is ratified and becomes effective. Already preliminary negotiations are under way among the chief trading nations of the world, and as soon as they have finished their work a major conference will likely be called—possibly late this year or early in 1946.

Purpose of Conference

The broad purpose of such a conference would be to begin work on many of the objectives which the Economic and Social Council will pursue in due time. It will seek ways to lower tariffs and remove other trade barriers, to eliminate cut-throat trade practices, to ensure equal access to raw mate-

rials, and in general to encourage the speedy restoration of world industry and commerce.

Another objective of this conference will be to establish an International Trade Office patterned after one of the most successful of the League of Nations subsidiaries—the International Labor Office. The ITO would be the first organization of its kind ever created. Acting as a sort of world board of trade, it would serve to promote the interests of commerce and industry in the world economy. It would work to reduce economic rivalries and social conflicts which inevitably arise from mass unemployment and reduced standards of living.

Economic Warfare

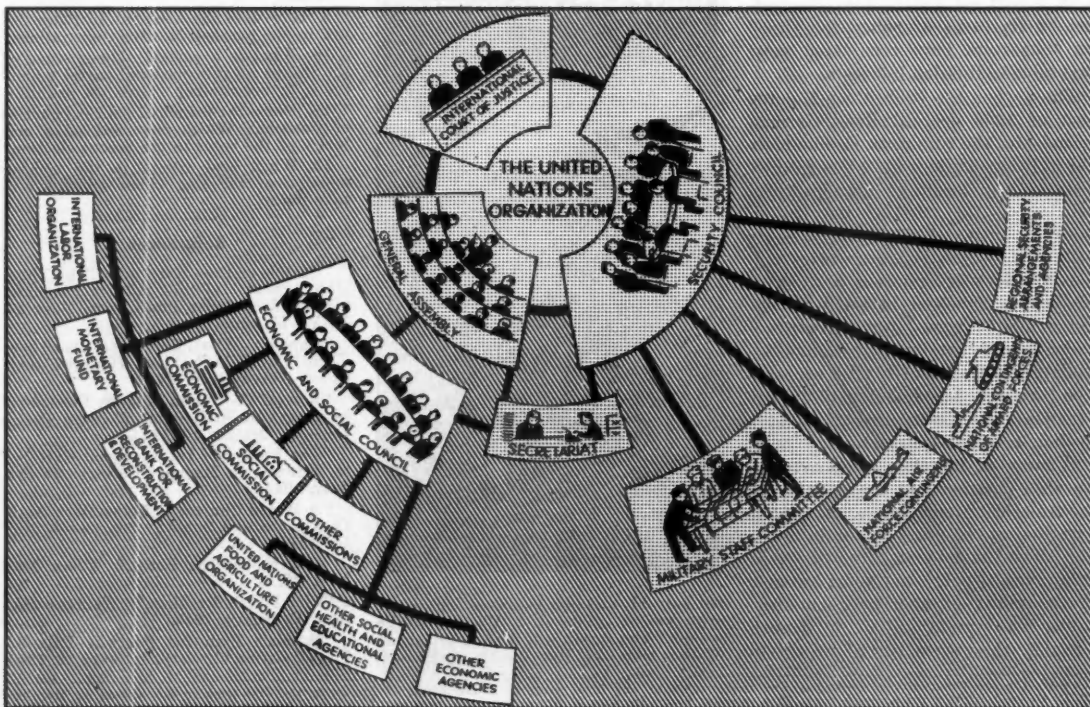
It takes only the most cursory glance at the history of the last quarter of a century to see why world economic organization of this sort is necessary. No sooner had military and political peace been established after World War I than a bitter economic war broke out. The war itself had led to the development of many new sources of raw materials and foodstuffs, and to the building of many new industries. After the war an economic revival swept Europe and production began to exceed capacity to buy. Prices fell, and nations in Europe and elsewhere faced serious adjustment problems. Huge war debts and large-scale lending on the part of the United States served to complicate the problem.

By means of tariffs, subsidies to farmers and manufacturers, and many other devices, each nation acted independently in a vain attempt to solve its own economic ills. These measures aggravated the problems of other nations, which retaliated with similar measures. This economic warfare brought on the world-wide collapse of 1929, and laid the foundations for the rise of Hitler and the Second World War.

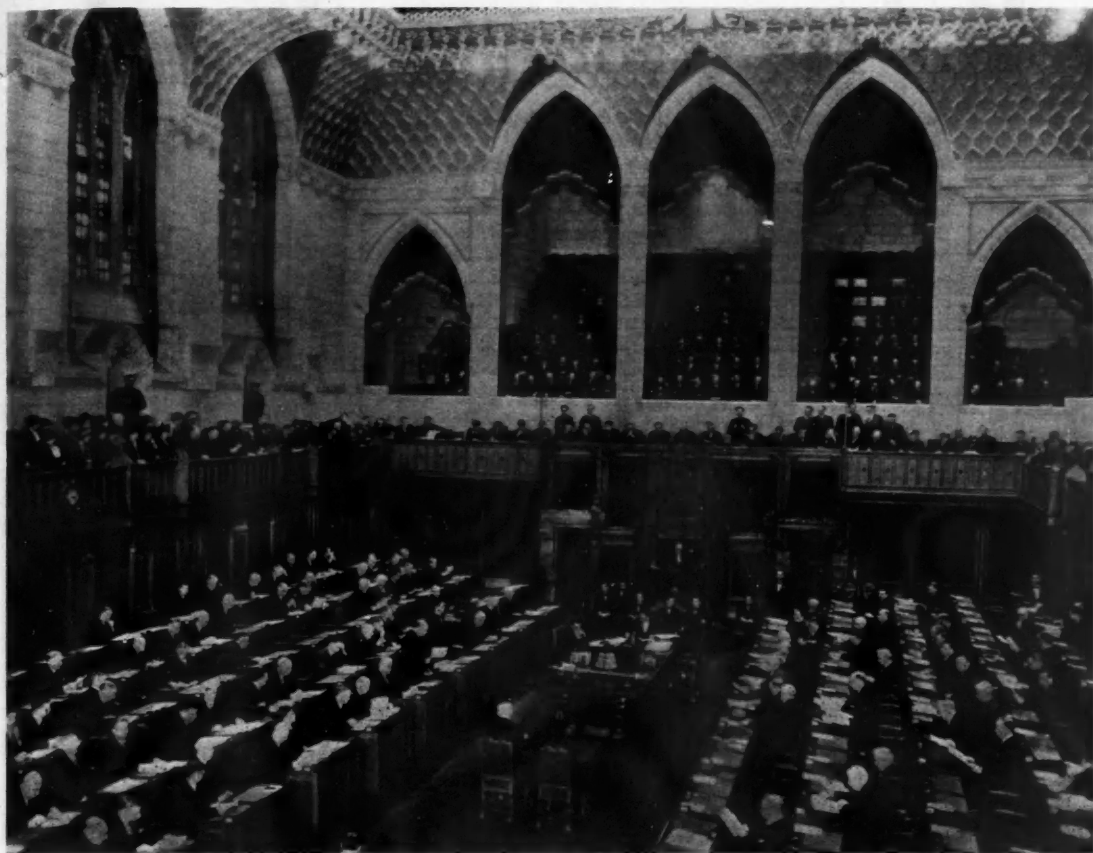
The seeds of this kind of economic war already threaten the postwar period. This war has produced far greater industrial dislocations than did the last one. Industrial expansion has been enormous in such countries as Canada, India, Australia, and the Latin American states, and as a result these countries will be important competitors for export markets after the war, while at the same time they will not need to buy so many industrial products from their former suppliers.

This is a source of great concern to Great Britain, for example, for it is estimated that she will need to double her prewar exports in order to live after this war. In the face of this situation the United States, with its huge industrial overexpansion, has announced its intention to step up its exports from less than \$3 billion to \$14 billion a year. It is not surprising that Australia, Brazil, and other countries are already planning to increase their tariffs greatly in order to meet this competition.

This is precisely the sort of situation which may breed World War III, for a world that is unhealthy economically will not be stable politically. And it is because the new world security charter gives strong recognition to this fact that observers see hope in it in spite of its glaring political defects.



The Economic and Social Council will play an important role in the world security organization drafted at San Francisco



The federal Parliament in session at Ottawa, Canada

CANADIAN GOVERNMENT PHOTO

Canada Holds Elections

THROUGHOUT the war period, Canadian politics has been dominated by three great issues—Canada's international role, the degree of power the federal government should exercise over the provinces, and the question of socialism versus private enterprise. Returning Prime Minister Mackenzie King's Liberal Party to power in the first nationwide election in five years, the Canadian people recently indicated their feelings on these issues.

They had three major parties to choose from—Prime Minister King's Liberal Party, the Progressive Conservative Party headed by John Bracken, and the Cooperative Commonwealth Federation led by M. J. Coldwell. In endorsing the Liberals, the people of Canada were lining up behind a middle-of-the-road leadership committed to the United Nations' cause in international affairs and to a cautious liberalism on the home front.

The King government, which has been in office for 10 consecutive years, has a long record of cooperation with the Allies. When the war broke out, Canada was a weak power militarily. But, since 1939, she has turned more and more of her human and material resources into the service of the war effort.

Mobilizing Canada for war called for the greatest political astuteness. To build up the country's material strength, King had to win the cooperation of powerful industrialists who would normally resist government direction of their activities. At the same time, he had to conciliate a labor movement of growing strength and socialist inclination. In attempting to raise an army, he was confronted by a strongly pro-British faction calling for all-out conscription and by a French-Canadian bloc equally strong in its opposition to compulsory military service. Prime Minister King successfully

compromised his way out of these difficulties. Like government leaders in the United States and Britain, he quickly set up administrative machinery to stimulate production and guard against inflation. Industrialists were allowed as much freedom as possible, but the economy was stabilized under a well-enforced system of price and wage control and rationing.

In dealing with the touchiest problem of all—conscription—King again took the middle road, raising an army by voluntary methods as long as possible and holding out against compulsory overseas service. Last fall, however, Canadian losses in Europe made it impossible for the government to avoid conscripting replacements for the overseas army. Anti-conscription elements in Canada bitterly resented and resisted the move to make foreign duty compulsory, but they continued to support King because his party, more than any other, had championed their interests.

Canada's Liberal government is firmly behind the idea of international cooperation to preserve peace and has given it strong support in San Francisco. In the narrower sphere of world politics where alliances between individual nations are paramount, the Liberals advocate cooperation with Britain within the Commonwealth framework but also a high degree of cooperation with the United States.

Prime Minister King's direction of domestic affairs has been marked by emphasis on strong federal authority over the provinces. Canada's government as it was originally set up permitted the provinces a high degree of self-government—more than individual states enjoy within our federal system. King and his followers feel that the federal government should extend its authority to the point where it can administer nationwide programs

of social security and similar matters.

Recognizing the people's fears of postwar unemployment and the fact that such fears are the raw material from which radical movements are fashioned, the Liberals have placed themselves on record in favor of government participation in the economy to promote prosperity. A new program of social legislation to go into effect next month, provides for family allowances which will give many families as much as \$500 a year to help support their children. Other federal spending projects are also scheduled as aids to economic stability.

The Progressive Conservative Party, which took secondary honors in the recent electoral contest, won—and lost—followers on a platform of full conscription, a decentralized, free-enterprise economy, and closer ties with Britain. Primarily a party of British Canadians, the Progressive Conservative Party has long criticized the King government for failing to bring all of the nation's available manpower into the war effort. Although it advocates a certain amount of social legislation, it is strongly for provincial authority in administering it.

Many observers had expected the Cooperative Commonwealth Federation to emerge at the polls in second place, ousting the Progressive Conservatives as the official opposition. This relatively new party has made a sensational showing in Canadian politics in the last three years. Standing on a boldly socialist platform, it has gained control of one province and has won significant support among labor and farm groups throughout the country. In spite of its relatively small showing in the recent election, it is still an important political force.

The character of the CCF is best revealed by what it has done in Saskatchewan, where it has been in power

since June 1944. A few months after the government of T. C. Douglas took office, a special session of the legislature introduced and passed 76 laws dealing with business, labor, agriculture, and social welfare.

These laws gave the provincial government power to "enter into business or expropriate business in order to develop natural resources," to run its own insurance business to raise money for social services, and to subsidize cooperatives. They also outlined sweeping labor reforms, a broad social security program, and a series of financial safeguards for farmers unable to meet their obligations because of crop failures.

Since the passage of these laws, the Saskatchewan government has been systematically taking over public utilities, monopolies, and industries engaged in development of natural resources. Wherever possible, it has avoided outright state control of the expropriated industrial facilities, preferring to run them through cooperatives.

In its national platform, the CCF advocated a federal economy paralleling that of Saskatchewan, with state ownership and cooperative management of most important industries. It also called for overall economic planning through a representative National Planning Commission and a sweeping program of social security benefits.

The CCF has followed the Liberal Party in the field of foreign relations, to the extent that it advocates collaboration with the United Nations and equally strong ties with both Britain and the United States. On the conscription issue, however, it has been out of sympathy with both Liberals and Progressive Conservatives, rejecting their policies in favor of an all-out conscription which would not only mobilize the full measure of the nation's manpower but also its economic wealth.

The distribution of votes among these three parties shows that the Liberal Party won largely because of its stand on conscription. Quebec, stronghold of anti-conscription sentiment, gave almost all of its 65 seats in the legislature to the Liberals, thus guaranteeing Prime Minister King's majority. In other parts of the country, Liberal support was drawn from among those who, on the one hand, applauded Prime Minister King's efficient management of the war effort and, on the other, found his promises of prosperity through a mixed economy more appealing than either the all-out socialism of the CCF or the all-out private enterprise system of the Progressive Conservative Party.

King's party, however, won by a narrow margin, receiving a smaller share of votes than in 1940. Most of its losses were to the Progressive Conservative Party, which increased its parliamentary strength sizably. Behind Progressive Conservative gains were the desire of many people to be free of government controls and also the resentment of pro-conscription elements at the government's compromises with the French-Canadians.

The CCF, as had been expected, cornered a large part of the soldier vote. It also held its own in Saskatchewan and in the big cities where labor comprises a major part of the population. Elsewhere, its position was weakened by the fact that the Liberal government had already instituted many of the reforms the CCF had thought to make its own.

"These Are the Russians"

"There have been foreigners here, journalists, who have been very friendly," said Ivan's wife quietly. "They have said nice things. They have seemed to understand our country and our people."

"And then," continued Ivan, addressing his words to one of these journalists, but with more bitterness in his voice than his wife had shown, "you go home and make a lot of money writing lies about the Soviet Union. That makes us feel very bad."

The journalist to whom these words were spoken was Richard Lauterbach, who tells of his experiences in Russia in his new book, *These Are the Russians* (New York: Harpers, \$3), and the people about whom he writes will have little cause to "feel bad" about his description of the Soviet Union. Throughout the book there is evidence that he took Wendell Willkie's advice and learned to know the people.

Given a choice between a one-day flight to Moscow from Teheran—a flight which would have given him a chance to write about Molotov, Eden, and Hull—and a two- or three-week overland trip by way of Baku and Stalingrad, Lauterbach chose the latter in order, as he puts it, "to meet a lot of unimportant people, practice my Russian, and see a vast area of the Soviet Union which I might never again be able to visit."

Most Americans who recognize the necessity for our getting along with Russia agree that we will save ourselves a great deal of trouble if we begin by trying to understand these "unimportant people." Lauterbach has performed a real service by introducing his readers to hundreds of them, as well as by giving us more detail with which to fill in our mental portraits of such leaders as Stalin, Marshal Zhukov, Marshal Novikov, and the colorful air ace, Pokryshkin. Many people in the United States will be relieved to find a book about the Russians which is full of interesting detail without being a part of the offensive or the defensive.

Throughout the book, Lauterbach succeeds for the most part in presenting the Russians in the light of their own trials and achievements, rather than as compared with Americans. People, not things, are his main concern. He asked many questions in a straightforward manner and he usually received straightforward replies, but he had to work out the answer to his most important question himself. Why did Russia win in a war against the one nation in the world best prepared for war, so far as mastery of the mechanisms of war was concerned?

To find his answer, the author went back to his experience in Russia in 1935. At that time Russian youngsters were learning to dance the foxtrot. They were all very thorough. They danced the same steps the same way at the same time, like automatons, counting to keep time. When they saw American couples making up their own variations, the young Russians felt sorry for them because the Americans obviously didn't know the right steps.

By 1944 everything was different. At a dance given in honor of Soviet fliers in Moscow no two couples danced exactly alike. They had worked out highly individual styles and they danced with the same enjoyment and enthusiasm as American jitterbugs. When this was called to his attention, a Soviet pilot answered:

"It is true. First, the group basis. Then individuality. The same is true in the sky. First, we must learn to work together, teamwork. Then each man can write his own name in the sky. . . . What we have is something that includes a certain amount of individuality but subordinates it to the common good. That is our great bond."

Lauterbach describes the change from 1935 concisely:

"This did not mean that anyone was allowed to hop up on a soapbox and challenge the party or the government. But in his own factory, the worker was consulted and asked for suggestions. If he made one and it proved helpful, the worker received a reward. In his army units, the study of tactics and strategy was not confined to officers alone: each individual soldier had to understand the whole plan of a campaign as well as his own role. A great national thirst was aroused, a thirst for knowledge, a thirst for self-expression, for creative work."

"In the Soviet Union today there are still plenty of automatons. In Moscow there are as many bureaucrats per foot of red tape as in Washington. And Russian bureaucrats are more infuriating than American because they are less experienced and less polite. But by now it is obvious that the Soviets could not have

won their military victories if the Red Army had been riddled with bureaucrats and automatons."

Although the Russians are not given to examining the private lives of their great and near-great, Lauterbach, as a *Time-Life* correspondent in Russia for more than a year, managed to pick up many bits of information about well-known Russians. Without malice he passes on quips and stories which make his book one of the most entertaining that has been written about Russia. In the section entitled "Fame Is Just a Footnote," which deals with leaders of the Soviet Union, he describes the world famous young composer, Shostakovich, and his pretty blond wife at a reception.

"They were sitting stiffly on a wooden bench. He wore beautiful tails. He looked bored, like a young British left-wing poet. Someone said, 'Say, he doesn't even look as if he liked music!'"

Describing the NKVD men who stood guard at the gates of the Sirodonivka Palace where the reception was held and where the Moscow Conference had been staged, Lauterbach says, "They know every foreigner in Moscow by sight. I often had the feeling they could tell me what I had for breakfast three weeks ago last Tuesday."

Explaining the feeling which Russians have for Stalin, who is regarded generally as the symbol of Soviet power and the savior of Russia, Lauterbach writes:

"First there is the legend of Stalin's wonderful storehouse of knowledge, both classical and practical, which is staggering. His speeches and his conversations are often studded with allusions to Greek mythology, to Aristotle, Plato, Hegel, Nietzsche and the Bible as well as Marx, Engels, and Lenin. He is familiar with all the great Slav writers, and supposedly knows more about Shakespeare, Dickens, and Fenimore Cooper than an Oxford dean. In a talk with Lion Feuchtwanger, the exiled writer, he revealed an astounding intimacy with modern fiction writers. Like Roosevelt and Churchill, Stalin has talented assistants helping him with his speeches, digesting foreign publications for him, and probably polishing his *bon mots*, but the Russians do not know this and if they did they would probably not admit it into the conscious mind."

"On the practical side, Stalin's knowledge of politics, men, machines, and even foreign industrial capacities is said to be incalculable. Last summer he argued with Eric Johnston, president of the U. S. Chamber of Commerce, about America's top prewar production of automobiles. Johnston persuaded Stalin to accept his estimate. But later Johnston found out that he had been wrong and Stalin right. Johnston willingly admitted that 'Stalin knows American production figures better than 90 per cent of American business men. He has them at his finger tips.'"

It was Eric Johnston who convinced Stalin that a group of American correspondents, including Lauterbach, should be allowed to accompany him on his trip to the Urals, Siberia, and Central Asia. They visited Magnitogorsk, where they saw the rutted dirt streets, the boom-town stucco and wooden houses, and the vast steel mills. The author compares this side of the town to our own Nevada City in the wide-open mining days, but he found the section where the highly skilled technicians and executives lived to resemble one of the better New York suburbs. They visited the factories and the mines, and saw boys 14 and 16 years old working in the open hearth sections of the great blast furnaces. Across lakes and woodland like the terrain of northern Wisconsin they flew to Sverdlosk, then on to Omsk, where one of the largest and best airfields in the Soviet Union is situated.

Besides his detailed reporting on the land and the people, Lauterbach devotes one chapter, entitled "The World from Moscow," to listing and explaining some of the fears which worry the Russians in their attempts to get along with the Americans and the British. These are fears which must be overcome along with our own, before we can work well together. As the author summarizes the situation:

"There is no easy formula for getting along with Russia. It's something that has to be worked on hard by both parties all the time, like a successful marriage. We must look beyond labels; we must re-examine old prejudices. The Russians must do the same thing."

"We are going to have to put as much united effort, thought, and fight into building a peace machine as we did into building a war machine. The only alternative is a certain third world war."



Great Russian woman



Russian pilot



Ukrainian boy



Uzbekian girl

